

Message Text

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INFO OCT-01 NEA-05 ISO-00 EB-05 RSC-01 /012 R

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DRAFTED BY: COM/DIBA/OIM/246/JBHEARN

APPROVED BY: EB/OCA/REP:MWDONOVAN

COM/DIBA/OIM/246/PBHALE

SPECIAL CHARGE: PLASTIC SALES INC. 39 DARMOUTH PLACE COSCOB

CONN 06807 MR. HOWARD WOODHAM

----- 080349

P 262108Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY MANAMA PRIORITY

UNCLAS STATE 085950

E.O. 11652: N/A

TAGS: BEXP, BA

SUBJ: EXPORT: DISPUTE OVER PAYMENT OF LETTER OF CREDIT

1. PLASTIC SALES, INC. COSCOB, CONN. HAS SHIPPED 109,000 POUNDS PLASTIC RESINS TO GULF PLASTIC INDUSTRIES, MANAMA UNDER L/C NO. 74/134 FROM BANK OF BAHRAIN AND KUWAIT. SHIPMENT DUE ARRIVE MANAMA ON HELLENIC LINES MAY 1. CUSTOMER REFUSES PAY L/C UNTIL CARGO INSPECTED DUE CLAUSE INSERTED BILL OF LADING BY CARRIER TO EFFECT CARRIER NOT RESPONSIBLE FOR LOSS DUE TO DAMAGE TO CARGO FOR REASON INSUFFICIENT PACKING. BUYER CLAIMS BANK ADVISES HIM THIS MAKES BILL OF LADING UNCLEAR. CUSTOMER HAS FULL RISK REPT FULL RISK INSURANCE, HOWEVER, UNDER L/C TERMS; BOTH LEGAL COUNSEL AND GREAT AMERICAN INSURANCE COMPANY, NEW YORK, CONFIRM THAT IN THESE CIRCUMSTANCES CLAUSE INSERTED BY CARRIER DOES NOT RENDER BILL OF LADING UNCLEAR. INSURANCE WILL COVER ANY DAMAGE TO GOODS WITH INSURER SEEKING RECOURSE AGAINST CARRIER. BUYER IS THUS PROTECTED.

2. IF GOODS UNLOADED TO PIER BEFORE PAYMENT L/C, SELLER IS AT MERCY OF BUYER, WHO COULD REFUSE PAY OR ATTEMPT BARGAIN OVER PRICE, WHICH SELLER DOES NOT WITH
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DO. ONLY RECOURSE LEFT TO SELLER WOULD BE EXPENSIVE

AND TIME CONSUMING LEGAL ACTION. PLASTIC SALES FEELS
THAT SINCE BUYER FULLY COVERED BY INSURANCE IT JUSTI-
FIED DEMANDING FULL PAYMENT L/C PRIOR SHIP ARRIVAL.
ACTION REQUESTED: EMBASSY REQUESTED SEEK REACTION
MANAMA PARTIES TO ABOVE AND REPORT TO COMMERCE SOONEST.
INTERESTED PARTY.
KISSINGER

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